

ASX Announcement

10 May 2024

Ensign Rig contracted: Canyon-1H Horizontal Well to Spud in Q3 '24

- Omega has finalised a contract with Ensign Australia Pty Ltd for the Ensign Rig #965 to drill the Taroom Trough Canyon-1H well (C-1H).
- The Canyon-1H horizontal well is estimated to spud in Q3 2024.
- The rig will move to the Canyon-1H location upon completion of its current program with Shell nearby in the Taroom Trough.
- The Canyon-1H well will be the first horizontal well drilled into the highly prospective Canyon Sandstone at the base of the Kianga Formation.
- Several vertical wells have been drilled in the Taroom Trough over the last 15 years with tested flow rates up to a maximum sustained rate of 2.5mmscfd.
- A stimulated horizontal well section exposes a greatly enhanced reservoir surface area around the wellbore allowing gas to flow into the wellbore at greater rates.
- The aim of the C-1H well is to test the capacity of the Canyon Sandstone to flow gas and liquid hydrocarbons at commercial rates.
- The well is designed to progress Omega's multi-TCF Kianga Formation Contingent Resource (2C of 1.73 TCF and 3C of 4.50 TCF of gas and associated liquid hydrocarbons) towards Reserve by applying an innovative drilling and fracture stimulation program.
- Technical and contractual planning for the multi-stage hydraulic stimulation project is well advanced.

Omega's Interim CEO, Trevor Brown, said:

"Omega is very pleased to have contracted a highly suitable rig for our Canyon-1H horizontal well. The rig and crew are currently engaged in a horizontal well program nearby, so Omega will receive a "warm" rig and crew with recent experience drilling similar wells in the same basin. The Canyon-1H well will be a highly significant test of Queensland's Taroom Trough tight gas play. Omega is applying modern horizontal drilling and multi-stage stimulation technology which has been used successfully in similar settings in the US and elsewhere to unlock massive reserves and production where previous vertical wells were unable to flow at commercial rates. The deep reservoirs of the Taroom Trough host globally significant volumes of gas and liquids. They are advantageously located close to access points to the domestic and export markets and within an existing major oil and gas service sector. This well, along with other tests of the productive capacity of the Taroom Trough reservoirs underway nearby, should point the way towards development of a badly-needed, major, new source of gas for Eastern Australia."

Omega Oil and Gas Limited (Omega—ASX: OMA) is pleased to announce that it has contracted Ensign Australia Pty Ltd for Ensign rig #965 for the drilling of Canyon-1H within Omega’s 100% owned Canyon gas field project (ATP 2037 and ATP 2038) in Queensland’s Taroom Trough.

The rig is expected to move to the Canyon-1H location in the third quarter of 2024 – immediately after being released from Shell QGC’s Tight Gas Sands (TGS) project, where similar horizontal wells are being drilled by the same crew.

Ensign #965 rig is an ADR-1500 model rig with a hook load of 750,000 lbs. This model has a proven track record of drilling wells of similar depths throughout Australia including recently, nearby in the Taroom Trough. Rig #965 has capacity to drill beyond the planned total depth of Canyon-1H with spare operational capability should it be required.



Image 1-Ensign Rig #965

The Canyon-1H horizontal well will test the flow capacity of the highly prospective Canyon Sandstone at the base of the Kianga Formation. The Canyon Sandstone, when combined with other sandstones identified by Omega (informally named Tasmania and Cabawin Sandstones of the upper Kianga Formation) extends across the ATPs and comprise Omega’s Canyon gas field project. The Canyon Sandstone was selected as the preferred target from various potential options after technical review of reservoir and operational considerations.

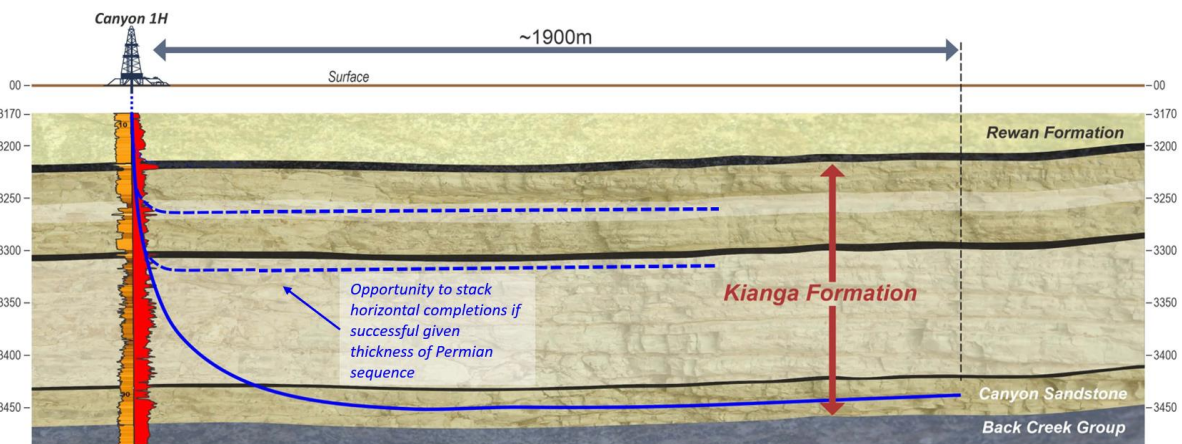


Image 2- Planned C-1H well

During the initial, successful Canyon-1 and Canyon-2 drilling campaign in 2023, Omega’s Board made the strategic decision not to case the intended production zone of the Canyon-1 well. This decision provided the option to re-enter the vertical well and drill a relatively lower-cost horizontal well section.



Image 3-Canyon-1 Well

The Taroom Trough hosts a world-class, tight gas resource suited to horizontal development due to the overpressure in the reservoirs, creating a high concentration of petroleum gas and liquid hydrocarbon resources containing approximately 1% CO₂. Other operators, including Shell and Elixir are conducting exploration and appraisal campaigns within the Taroom Trough, testing various aspects of the deep tight gas play. A horizontal well will greatly increase the overall reservoir surface area that can be tested when compared with a vertical well. This approach allows Omega to fast-track appraisal of the Canyon Sandstone and, in a success case, rapidly progress to development planning.

The appraisal objectives of the Canyon-1H well are:

- Proof of concept that a horizontal well can be landed and drilled in the target reservoir.
- Classification of at least part of Omega’s substantial contingent gas resource as Reserve
- The horizontal well section provides Omega options to test numerous fracture treatment designs across a multi-stage fracture stimulation campaign.
- The fracture stimulation campaign should occur after drilling the well following incorporation of well results into final completion design.
- Analysis of well results and flow rates achieved should inform further appraisal and pre-development activities.

Omega is currently finalising agreements and contracts for all associated services required to enable the drilling of C-1H. These agreements align with the current schedule.

The procurement of a fracture stimulation contractor and planning for the procurement of long lead items are also significantly advanced. A further update will be provided when the contractual arrangements are finalised.

As forecast by AEMO, and the Australian Government in its Future Gas Strategy, a gas supply shortfall is forecast to emerge by 2028 and will grow over time.

East coast gas supply and demand outlook, 2025–2035

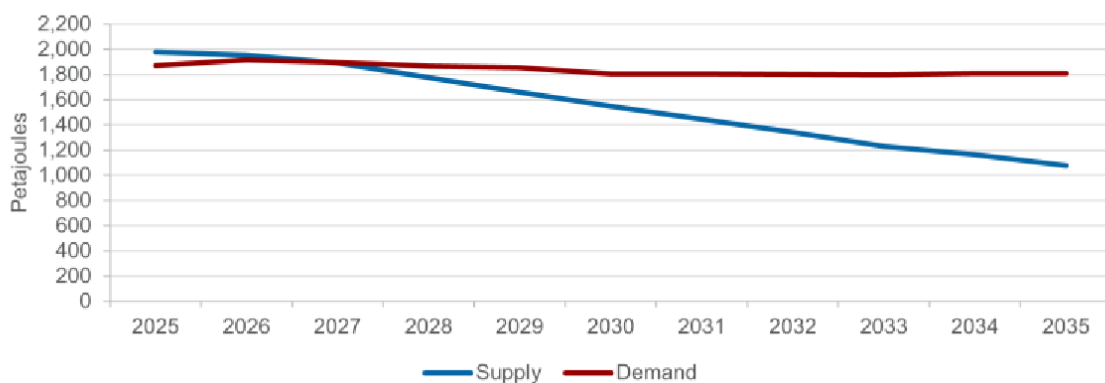


Image 4 - Future Gas Strategy - May 2024 - Analytical Report - Figure 5.1

One of the key principles of the Future Gas Strategy is that new sources of gas supply are needed to meet demand. The Bowen Basin has been identified as one of the possible sources of new, additional supply.

Omega is well positioned to be a key player in the next generation of East Coast gas supply with:

- Proven, large-scale, gas and liquids play with multi-TCF potential and low CO₂.
- Near-term, low-cost, low-CO₂ production potential
- Low-cost access to domestic & export markets through proximity to existing gas pipelines and associated infrastructure
- Experienced, well-financed major shareholders
- Strong technical and leadership team with extensive tight-gas exploration and development expertise

By authority of the Board:

Trevor Brown

Interim CEO

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Reserves and Resources disclosure

The estimates of Reserves and Contingent Resources reported in this ASX Announcement have been independently reviewed and verified by Netherland, Sewell & Associates, Inc., qualified resource evaluators and were first reported in the ASX release titled “Maiden Gross Contingent Gas Resource of 1.73 TCF” on 23 October 2023. The ASX release can be found online via [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02728452-](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02728452-2A1482228?access_token=83ff96335c2d45a094df02a206a39ff4)

[2A1482228?access_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02728452-2A1482228?access_token=83ff96335c2d45a094df02a206a39ff4) (ASX Release). The estimates in the ASX Release were prepared in accordance with the definitions and guidelines outlined in the 2018 SPE Petroleum and Resource Management System (PRMS), using deterministic methodology.

The estimates of contingent gas resources in the permits contained in the ASX Release were prepared by Netherland, Sewell & Associates, Inc., qualified resource evaluators. The resource assessment was independently carried out by Michelle L. Burnham, Vice President, and Dana D. Coryell, Vice President of Netherland, Sewell & Associates, Inc., Ms. Burnham is a Licensed Professional Engineer in the State of Texas, USA and Ms. Coryell is a Licensed Professional Geologist in the State of Louisiana and the State of Texas, USA. Ms. Burnham has over 17 years of relevant experience. Her qualifications include an MBA from the University of Texas at Austin and a Bachelor of Science in Electrical Engineering from Brigham Young University. Ms. Coryell has over 35 years of relevant experience. Her qualifications include a Master of Science in Geology from Texas A&M University and a Bachelor of Science in Geology from Oregon State University.

Omega confirms that it is not aware of any new information or data that materially affects the estimates of Reserves and Contingent Resources included in the ASX Release and set out on slide 9 of this ASX Announcement and that all the material assumptions and technical parameters underpinning the estimates in the ASX Release (and set out on slide 9 of this ASX Announcement) continue to apply and have not materially changed.